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Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 SSO-00 NSCE-00 INRE-00

AID-20 CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NEA-14 NSAE-00 RSC-01 OPIC-12 SP-03 TRSE-00 CIEP-02

LAB-06 SIL-01 SWF-02 OMB-01 NSC-07 SS-20 STR-08 DRC-01

H-03 PA-04 PRS-01 USIE-00 FEA-02 IOE-00 /184 W
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O P 311102Z MAY 74
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 2860
INFO AMEMBASSY ANKARA PRIORITY
AMEMBASSY ATHENS PRIORITY
AMEMBASSY BERN PRIORITY
AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS PRIORITY
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AMEMBASSY COPENHAGEN PRIORITY
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E.O. 11652: N/A
TAGS: EGEN, OECD
SUBJECT: JOINT EBERLE-CONGRESSIONAL PRESS CONFERENCE
AT OECD MINISTERIAL COUNCIL MAY 29-30

SUMMARY: FOLLOWING OECD MINISTERIAL COUNCIL MEETING MAY 30 US DELEGATION HEAD EBERLE HELD PRESS CONFERENCE ATTENDED BY APPROXIMATELY 40 EUROPEAN AND AMERICAN JOURNALISTS REPRESENTING MAJOR US AND EUROPEAN NEWSPAPERS AND WIRE SERVICES. EBERLE WAS ACCOMPANIED BY SENATORS HARTKE AND FANNIN AND REPRESENTATIVE PETTIS, WHO WERE CONGRESSIONAL ADVISORS TO THE US DELEGATION AT THE MINISTERIAL, AND ASSISTANT SECRETARY HARTMAN. QUESTIONS MAINLY CONCERNED DECLARATION ON TRADE AND CURRENT ACCOUNT MEASURES AND TRADE BILL. END SUMMARY

1. AFTER BRIEF INTRODUCTION BY EBERLE IN WHICH HE OUTLINED SIGNIFICANCE OF DECLARATION, SENATOR HARTKE EXPRESSED PLEASURE THAT CONGRESS ABLE TO PARTICIPATE IN MINISTERIAL. HE SAID THAT, ALTHOUGH THERE ARE DIFFERENCES BETWEEN INDIVIDUAL MEMBERS OF CONGRESS AND ADMINISTRATION ON SPECIFIC ISSUES SUCH AS TRADE BILL, THEY HAVE HIGH REGARD FOR WORK OF SPECIAL TRADE REPRESENTATIVE. HE CONTINUED THAT OECD MEETING REFLECTED FACT THAT IN TODAY'S WORLD IT WOULD BE FUTILE AND COUNTERPRODUCTIVE TO TRY TO PASS BURDEN OF ECONOMIC ADJUSTMENT TO OTHER COUNTRIES. WE RETURN TO WASHINGTON, HE SAID, WITH THE MESSAGE THAT INTERNATIONAL COOPERATION, THOUGH NOT PERFECT, IS ALIVE AND VIGOROUS IN THE OECD. THE DECLARATION, HE SAID LATER IN CONFERENCE, IS NOT A SOLUTION TO THE PRESENT SITUATION. IT STATES A PROBLEM AND A RESPONSE, AND THEREIN LIES THE IMPORTANCE OF THE WORK UNDERTAKEN AT THE MINISTERIAL.

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2. IN RESPONSE TO QUESTIONS ON TRADE BILL, EBERLE POINTED OUT THAT ADMINISTRATION BILL CONTAINS PROVISION FOR CONGRESS TO DEFINE ITS PARTICIPATION IN THE MTN AND THAT FINAL FORM OF LEGISLATION DEPENDS ON CONGRESSIONAL DECISIONS. HARTKE CHARACTERIZED ADMINISTRATION/CONGRESSIONAL DIFFERENCES ON BILL AS MORE PROCEDURAL THAN SUBSTANTIVE, AS, FOR EXAMPLE, ON THE QUESTION OF WHO HAS ULTIMATE AUTHORITY. SAID HE FAVORED EXPANDED TRADE;

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QUESTION IS HOW TO PROCEED. HE SAID WE WILL HAVE A TRADE BILL "ONE OF THESE DAYS...I WON'T HOLD IT UP" BUT THAT HOUSE-PASSED VERSION IS CLOSER TO ADMINISTRATION PROPOSALS THAN HE IS. AT ONE POINT SAID WAS IN "BASIC DISAGREEMENT WITH ADMINISTRATION POSITION." FANNIN, EXPRESSING GENERAL SUPPORT FOR BILL, SAID THAT THERE ARE MORE AREAS OF AGREEMENT THAN DISAGREEMENT, THAT ONE REASON BILL HASN'T MOVED FORWARD FASTER IS PRESSURE OTHER LEGISLATION. SAID HE DIDN'T FAVOR ALL ITEMS IN IT. PETTIS POINTED OUT BILL HAS PASSED WAYS AND MEANS OVERWHELMINGLY. IN RESPONSE TO QUESTION, HARTKE SAID PIECEMEAL APPROACH TO TRADE NEGOTIATING IS TOO COMPLI-CATED AND TOO TIME-CONSUMING.

3. AFP REPORTER ASKED IF IT WOULDN'T BE BETTER RESOLVE KENNEDY ROUND ISSUES, SUCH AS ASP, BEFORE PROCEEDING WITH MTN. EBERLE SAID CONGRESSIONAL REACTION TO ASP SHOULD HAVE BEEN ANTICIPATED SINCE ALL PARTIES TO THE NEGOTIATION REALIZED IN ADVANCE THAT CONGRESS HAD PASSED A RESOLUTION SAYING "DON'T NEGOTIATE ASP." HE

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SAID HE WOULD NOT NEGOTIATE MTN WITHOUT COOPERATION OF CONGRESS.

4. SEVERAL QUESTIONS REVOLVED AROUND ISSUE OF ENFORCIBILITY OF DECLARATION. FAIRCHILD PUBLICATIONS REPORTER ASKED IF STANDSTILL SIGNALED END TO EXPORT CREDIT RACE. EBERLE POINTED OUT THAT AGREEMENT DOES NOT PREVENT NORMAL COMPETITIVE ACTIONS SUCH AS MEETING COMPETING INTEREST RATES. AGREEMENT TO CONSULT ABOUT CURRENT ACCOUNT MEASURES IS SIGNIFICANT BECAUSE IT IS HIGH-LEVEL POLITICAL COMMITMENT BY MEN OF GOOD WILL AND BECAUSE EFFECTS OF NON-COOPERATION ARE WIDELY RECOGNIZED.

5. IN RESPONSE TO QUESTIONS ON MONETARY SITUATION, EBERLE SAID THERE HAD BEEN NO STARTLING NEW DEVELOPMENTS AT THE OECD MINISTERIAL. HE POINTED OUT THAT ONE MAJOR PROBLEM NOW IS TO ASCERTAIN EXTENT TO WHICH MONETARY MARKETS CAN HANDLE OIL FUNDS. IN RESPONSE TO LE MONDE QUERY ON US ATTITUDES TOWARDS LDCS, EBERLE AFFIRMED US

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COMMITMENT TO LCD ASSISTANCE, POINTED TO SENATE APPROVAL IDA REPLENISHMENT YESTERDAY, AND STATED THAT FIRST STEP IS TO DETERMINE EXTENT OF ECONOMIC EFFECT OF OIL SITUATION ON LDCS. REAL SOLUTION, HE SAID, IS A REDUCTION IN OIL PRICES.

6. ON INFLATION, EBERLE REFERRED TO STATEMENT AT MINISTERIAL BY HERBERT STEIN THAT FIRST STEP IS TO INCREASE GOVERNMENTAL RESPONSIBILITY AND DETERMINATION IN EACH COUNTRY TO MAINTAIN SOUND MONETARY AND FISCAL POLICIES. HE CONTINUED THAT IF ONE-TIME OIL PRICE JUMP IS FACTORED OUT, INFLATION RATES ARE NOT SO BAD AS THEY APPEAR.

7. BRUSSELS REPORTER ASKED ONLY QUESTION ON 24:6: WHETHER TRADE BILL POSSIBLE IF 24:6 UNRESOLVED. EBERLE
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ANSWERED THAT HE IS HOPEFUL FOR QUICK SOLUTION. FANNIN ADDED THAT 24:6 ALONE WOULD NOT BE SUFFICIENT TO HOLD UP TRADE BILL.

8. TURNOUT WAS UNUSUALLY GOOD FOR INDIVIDUAL DELEGATION CONFERENCE AND IMMEDIATELY FOLLOWED HOUR-LONG CONFERENCE BY MINISTERIAL CHAIRMAN GIOLITTI AND SECGEN VAN LENNEP (SEPTEL).
TURNER

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